



**FINTECH**

# **Fintech and Financial Services Sectoral Action Plan**

**JUNE 2024**

## Minister's Priorities

In February 2024, Economy Minister, Conor Murphy, set out a clear strategic vision for the economy with a focus on four key inter-related objectives – **increasing the number of good jobs, promoting regional balance, raising productivity** and **reducing carbon emissions**.

In line with the Minister's priorities and DfE's Departmental Business Plan for 2024/2025 the Fintech and Financial Services Sectoral Action Plan has been developed. The Action Plan sets out a number of key activities to be taken forward by the Department and its key delivery partners that will help grow the Sector and deliver the Minister's vision for the economy.

Our Action Plan will also support and contribute to other Departmental strategies and action plans that are helping to deliver against the Minister's priorities.

## Background

Northern Ireland is an established and globally recognised hub for Financial Services and Fintech with an international reputation for engineering excellence providing innovative solutions to the global capital markets, insurance and banking industries. We have deep expertise across areas driving transformation in the financial services industry.

Analysis by Statista<sup>1</sup> shows that globally the Fintech market is expected to continue its rapid growth trajectory driven by ongoing technological advancements, changing consumer behaviour and regulatory support. Northern Ireland is well placed to take advantage of this global opportunity with its strong track record in developing Fintech solutions alongside our university research base in underpinning technologies such as Cyber, Advanced Analytics, Artificial Intelligence (AI) and Machine Learning and our key industry strengths in Regtech, Capital Markets and Insuretech.

Given the breadth of the sector which encompasses both financial services and institutions but also technological companies creating innovations that support the sector, it is not always possible to accurately attribute the correct facts and figures to the sector. However for context ONS figures for the Financial and Insurance sector estimate that in Northern Ireland in 2022 the sector contributed £2.5bn to GVA, an increase of over 100% over the last ten years and up 7% over the year from 2021. Average median annual earnings for full time posts in the sector are 13% higher than the Northern Ireland average and there are approximately 13,000 full time jobs.

The NI Fintech Ecosystem Report in 2020 provided some more nuanced data that reported that there were an estimated 7,000 people working in Fintech-related roles in NI, with 74 Fintech firms and an estimated GVA of £391.4m, representing 3.6% of UK Fintech GVA.

Figures from Data City show that just under half of the Fintech sector is concentrated in Belfast, with the remaining companies spread across Northern Ireland's local council areas.

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1 [Fintech worldwide outlook \(statista.com\)](https://www.statista.com)

## Fintech and Financial Services Sector Ecosystem

Feedback from industry shows that companies consistently choose Northern Ireland as a location to invest because they can plug into the region's internationally recognised and supportive ecosystem. Collaboration between industry and academia is actively encouraged and is also recognised as a key strength of the existing Fintech ecosystem, particularly in the area of skills development.

Northern Ireland has a compelling track record in attracting Fintech foreign direct investment (FDI) with companies such as Allstate, Citi, PwC, CME and Aflac establishing and maintaining operations here. NI's successful track record is an important factor in attracting new FDI as it demonstrates NI's ability to scale and enhances its position in the global Financial Services markets. In 2022, Belfast was the world's top city for Fintech inward investment (fDi Markets FT 2023) while Northern Ireland was the world's second best performing region for Fintech inward investment. There is also a growing cluster of local indigenous Fintech companies including FinTrU, Treliant, and Datactics with expertise in regtech and underpinning knowledge in technologies such as data analytics, AI and machine learning.

## Investment and Opportunities in the Fintech and Financial Services sector

The growth in the Fintech & Financial Services sector in NI demonstrates the strength within the sector and the need to look at future development of the cluster as a priority with an aim to grow the sector at scale. The companies located here have the critical mass necessary to facilitate step change in the development of the skills pipeline and offer new opportunities through upskilling/reskilling in new functions. They are also of sufficient scale to inform the research agenda in financial services and leverage the potential research excellence in AI Collaboration Centre (AICC), and through the City Deals projects to build world class expertise in Fintech.

We also have innovation happening locally through The Centre for Financial and Regulatory Technology (CFRT), a hub for research, education, and industry collaboration, with a focus on fostering innovation and excellence in financial technology and the Centre for Finance, Innovation and Technology (CFIT), which was set up following the Kalifa Review to position the United Kingdom as a global leader in financial innovation. Queen's University's Finance and Artificial Intelligence Research Lab (FAB) has also been established to provide innovative leadership for Northern Ireland's financial technology ecosystem as a pivotal point between the UK, the US and the EU. FAB's mission includes leveraging digital technology to promote innovation in local Fintech and produce high-level international research in finance, technology, and AI, including AI safety, risk management, and financial regulation.

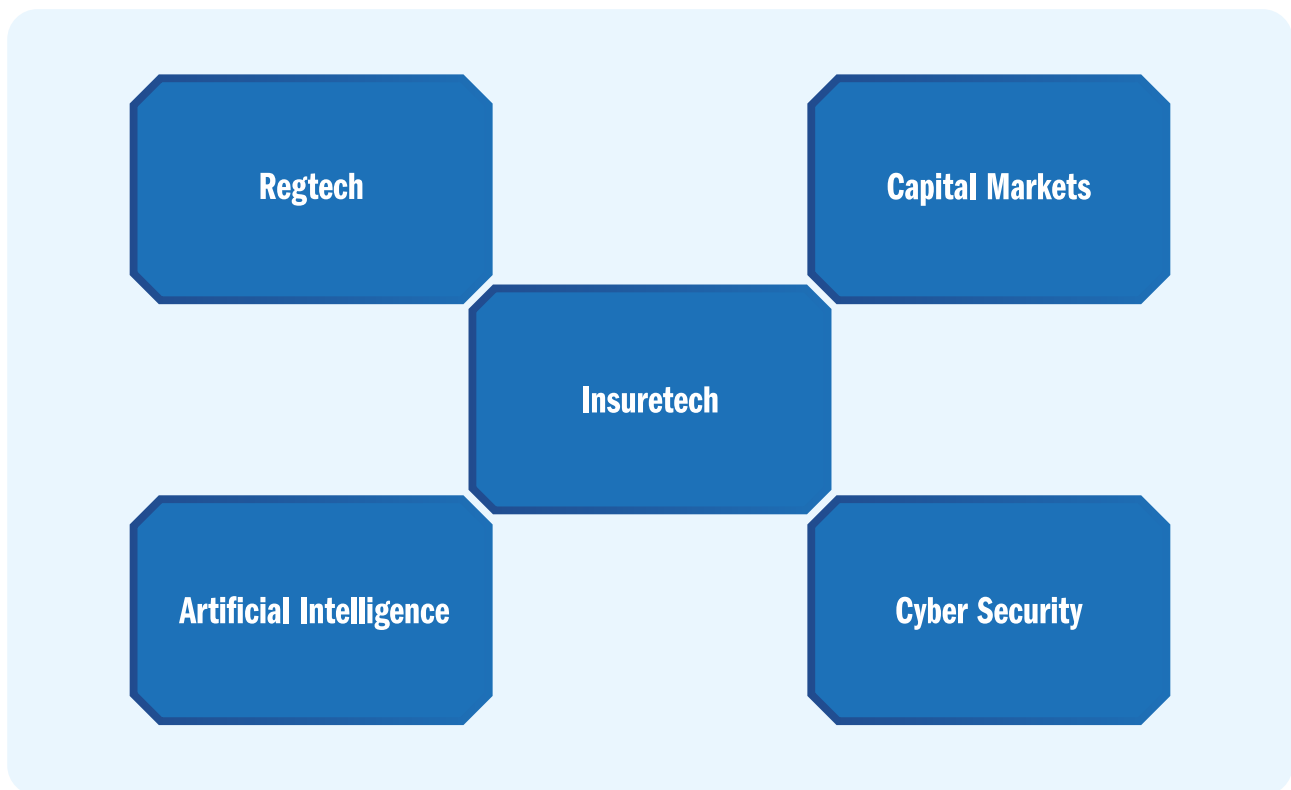
A key opportunity to develop the sector continues to be via participation within the Fintech Corridor which extends from Dublin to Belfast and offers a unique opportunity for collaboration between north and south while focusing on developing partnerships and positioning the region as an attractive and accessible location for Fintech on the island and as a gateway for Fintech companies to Europe, whilst connecting EU & UK Fintech.

East/West collaboration is also important and there are opportunities to grow the North's position working with critical external stakeholders at a UK and more local level to support growth and development of critical mass.

## Departmental Action Plan for the Fintech and Financial Services sector

This plan should be viewed in conjunction with the Software and Cyber Sectoral Action Plan where there are complementary actions which will help support the growth of the Fintech and Financial Services sector, these actions have not been duplicated within this plan. Following desk research, stakeholder engagement and public consultation on the wider approach to technologies and clusters, the Department has developed the following action plan to support the growth of the Fintech & Financial Services sector in the next three years.

The public consultation held in late 2023 on the Approach to Technologies and Clusters identified a number of key technologies for the sector and wider research identified three further USPs underpinned by our strengths in Cyber Security and Artificial Intelligence:



Although this action plan shortlists these five technologies and USPs for the sector, it is important to note that this is not a definitive list. This action plan and complementary plans will look to support these key areas in addition to other technologies and USPs across the sector where relevant.

The Department's Action Plan sets out a range of activities that aim to support the growth of the sector under the following four broad themes:



## Delivery Partners

As well as a range of teams across the Department for the Economy we have determined other key delivery partners who will support the Department in delivering these actions. Our Action Plan details our delivery partners however through regular engagement and collaboration we may identify additional stakeholders who will support us in the delivery of this plan and an amendment to our delivery partners may be required.



## What's Next?

The Department and its delivery partners will take forward these actions over the next three years. As a rapidly changing sector, this will include continued horizon scanning of the Fintech & Financial Services sector and reviewing and updating the action plan as required. This may include adding new or removing actions in response to the needs of the sector.

A key Ministerial priority is the need for a more regionally balanced economy. To deliver this, the Department will publish a Sub-Regional Economic Action Plan in Autumn 2024 that will set out interventions to address strategic priorities for each region complementing existing Council-led plans.

We would like to thank all those who contributed to the development of this action plan, your time and input is appreciated.

## Theme 1: Collaboration

**Objective:** Supporting the sector to grow at scale, enhance strategic alignment and points of influence to maximise the sectors capabilities and ensure that these are aligned to support delivery of the Minister’s priorities in relation to productivity, regional balance, better jobs and reducing carbon emissions.

Action No.	Delivery against Minister priorities	Detail	Delivery partners	Timescale
1	<ul style="list-style-type: none"> <li>High Productivity</li> <li>Regional Balance</li> </ul>	<b>Championing the sector</b> - Strengthen the voice of the Fintech and Financial Services sector and ensure that it is representative of the sector.	DfE, INI, ITI	Commencing 2024
2	<ul style="list-style-type: none"> <li>High Productivity</li> </ul>	<b>Growing the sector</b> - Work with the voice of the sector and stakeholders in NI to develop key strategic asks of critical external stakeholders, to support growth and development of critical mass.	DfE, INI	Commencing 2024
3	<ul style="list-style-type: none"> <li>High Productivity</li> </ul>	<b>Developing cross border opportunities</b> - Deepen collaboration and engagement with the Fintech Corridor and Enterprise Ireland looking at all-island opportunities.	DfE, ITI, INI	Commenced
4	<ul style="list-style-type: none"> <li>High Productivity</li> </ul>	<b>Focusing on our strengths</b> - Work with Invest NI to identify areas of strength and weakness to ensure the potential for new emerging areas is maximised.	DfE/INI	Commencing 2024
5	<ul style="list-style-type: none"> <li>High Productivity</li> </ul>	<b>Clustering support</b> - Work with partners to consider the benefit of a dedicated cluster policy in driving forward growth in the Fintech and Financial Services sector, as part of a wider DfE cluster policy.	DfE	Commencing 2024

## Theme 2 : People and Skills

**Objective:** To support growth in the sector through targeted FDI and export support which in turn support Ministerial priorities via increasing productivity and regional balance.

Action No.	Delivery against Minister priorities	Detail	Delivery partners	Timescale
6	<ul style="list-style-type: none"> <li>• High productivity</li> <li>• Good jobs</li> <li>• Regional balance</li> </ul>	<b>Developing our skills base</b> - Work with existing structures to explore any niche emerging training and skills requirements of the Fintech sector.	INI, DfE	Commencing 2024
7	<ul style="list-style-type: none"> <li>• High productivity</li> <li>• Good jobs</li> </ul>	<b>Widening participation</b> - Explore opportunities to tackle barriers to entry to the sector.	INI, DfE	Commencing 2024

### Theme 3 : Innovation

**Objective:** To support R&D, entrepreneurs, start-ups and scale ups to grow to scale.

Action No.	Delivery against Minister priorities	Detail	Delivery partners	Timescale
8	<ul style="list-style-type: none"><li>• High productivity</li><li>• Good jobs</li></ul>	<b>Supporting R&amp;D, entrepreneurs, start-ups and scale ups</b> - Facilitate access to later stage private sector funding to support scaling.	INI	Commencing 2024

## Theme 4 : Trade and investment

**Objective:** To support growth in the sector through targeted FDI and export support which in turn support Ministerial priorities via increasing productivity and regional balance.

Action No.	Delivery against Minister priorities	Detail	Delivery partners	Timescale
9	<ul style="list-style-type: none"> <li>• High productivity</li> <li>• Good jobs</li> <li>• Regional balance</li> </ul>	<b>Support the sector to grow at scale and increase critical mass in key areas by</b> - Focused FDI investment that will support growth in the Fintech and Financial Services.	INI	Commenced
10	<ul style="list-style-type: none"> <li>• High productivity</li> </ul>	<b>Support the sector to grow at scale and increase critical mass in key areas by</b> - Securing more FDI research and development start-ups/scale ups activity.	INI	Commencing 2024
11	<ul style="list-style-type: none"> <li>• High productivity</li> <li>• Good jobs</li> <li>• Regional balance</li> </ul>	<b>Improving cohesiveness of export support and international market access targeting</b> - Prioritise the sector for export support and explore the potential for new markets for local Fintech and Financial Services businesses.	INI	Commencing 2024
12	<ul style="list-style-type: none"> <li>• Good jobs</li> <li>• Regional balance</li> </ul>	<b>Showcasing sub-regional strengths</b> - Develop and showcase a suite of subregional economic priorities in relation to Fintech and Financial Services as appropriate.	DfE, INI, Councils	Commenced - Publication of Subregional action plan due in Autumn 2024